



State Board of Equalization

News Release

Vice Chairperson Jerome E. Horton

4th District – Los Angeles

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California Adopts Improved Cigarette Tax Stamp

Updated Stamps Adopted to Better Combat Counterfeiting

Jerome E. Horton, Vice Chairperson of the California State Board of Equalization (BOE), today announced that improved high-tech tax stamps with a new design will soon be available and affixed to packs of cigarettes sold in California. The BOE has approved the use of the updated stamp to further reduce the trafficking of counterfeit cigarettes and related excise tax evasion in California. The BOE is responsible for the administration and enforcement of the tax stamp program.

The upgraded tax stamp introduces a number of new security features, including special inks and a counterfeit and tamper-resistant design. The newly designed stamps will help simplify authentication and discourage tax stamp counterfeiting.

Cigarette-related tax evasion costs California an estimated \$182 million annually.

New California cigarette tax stamps are gold-yellow in appearance, with a color-shifting effect visible on the left edge and a unique serial number. Retailers and consumers can expect to see the new tax stamps in use by January 1.

Cigarette and tobacco taxes are “excise” taxes, or charges paid at the distribution level and often built into the retail price. Excise taxes paid on cigarettes are used to fund state services and programs including breast cancer research, early childhood education, health education, and hospital services.

In 2002, [Senate Bill 1701](#) required the BOE to replace the heat-applied decals in use at the time with counterfeit-resistant stamps encrypted with specific information, capable of being read by a scanning device. The original high tech tax stamp was introduced into the California market in 2005.

Additionally, in 2004, the California Cigarette and Tobacco Products Licensing Act of 2003 ([Assembly Bill 71](#)), written by current BOE Vice Chairperson Jerome Horton, was signed into law and established a statewide program to license sellers of cigarettes and tobacco products.

Lastly, in 2007, [Assembly Bill 1749](#) expanded provisions of the Licensing Act to include licensing requirements for manufacturers and importers of tobacco products and made the provisions of the Licensing Act permanent.

The high tech tax stamp and other BOE enforcement efforts combine to reduce cigarette tax evasion by \$133 million each year in sales and excise taxes.

Elected in 2010, Vice Chairperson Jerome E. Horton is the 4th District Member of the BOE, representing more than 8.5 million residents in Los Angeles County. He is also the BOE Legislative Committee chairperson. Horton is the first African American to serve on the BOE since its inception in 1879, and the third African American constitutional officer in California's history. Horton previously served as an assemblymember from 2000-2006.

The five-member California State Board of Equalization is a publicly elected tax board. The BOE collects more than \$48 billion annually in taxes and fees supporting state and local government services. It hears business tax appeals, acts as the appellate body for franchise and personal income tax appeals, and serves a significant role in the assessment and administration of property taxes. For more information on other taxes and fees in California, visit www.taxes.ca.gov.

BOE publication 403, *New California Cigarette Tax Stamp*: <http://www.boe.ca.gov/pdf/pub403.pdf>
Cigarette Tax Evasion Revenue Estimate: <http://www.boe.ca.gov/pdf/cig-evasion-07.pdf>
AB 71 Virtual Seminar: <http://www.boe.ca.gov/info/VirtualSeminars/ab71.htm>

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